

The globalisation of the construction work force ~ the impact on the Australian building and construction industry

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1. Introduction

The building and construction industry has figured prominently in the process of globalisation. The industry has benefited from the sustained economic growth that has been fuelled by the increased integration of the world's economies, boosted by the international circulation of capital much of which has finance the rapid development of China and India, as well as found its way into property. The construction industry has been the primary economic sector that has reaped the material benefit of globalisation.

Building and construction has also undergone an institutional and organisational transformation in the process, and this has helped to underscore the impetus of globalisation. Major construction companies have extended their global reach, transforming into transnational conglomerates. The extended reach of the transnational construction corporations has been reinforced by their extension into financial management. In the process, the majors have tended to divest themselves of any direct engagement actual construction. In most advanced and developing economies, the construction corporations have contracted out construction work. Throughout much of the world the industry is now characterised by an extensive sub-contracting of construction work (ILO 2001; Kawano 1998).

The institutional and organisational transformation of the building and construction industry has brought considerable change to employment relations. The industry is characterised by less direct employment and a diminution in corporate investment in training and skill formation (ILO 2001; Kawano 1998). This has engendered immediate

labour supply challenges, which, in turn, has prompted industry to turn to offshore labour markets in order to meet labour needs. Reliance on migrant, or immigrant, labour in the construction sector is not a new phenomenon. Resort to the recruitment of migrant workers had been a dominant feature in most of the advanced industrial economies during the post-WWII period, and this has been a practice employed in many developing economies, and especially Singapore and Hong Kong.

However, the distinctive feature of contemporary employment practices is that there is now more extensive resort to offshore recruitment, and the deployment of migrant workers is more often than not premised on a limited duration of employment. It is the common practice of the governments of the host employing nations, in both advanced industrial economies and developing economies throughout most of the world, to try to restrict the residence of those overseas contract workers employed in construction. The result has been the emergence of a secondary labour market in which the employment of migrant workers forms a critical ingredient in the layering of sub-contracting arrangements. Workers' place in the construction work force has become framed by work permit status and country of origin. In addition, as migrant workers endeavour to circumvent the restrictions imposed on their residence and employment, by overstaying their work permit or engaging in work without a work permit, their undocumented status tended to draw them into an even more precarious and subordinate position within the construction work force.

The internationalisation of the construction labour market has been a critical but lesser noted feature of globalisation. The consequences on the building and construction industry have been profound. The corporate construction majors' retreat from the commitment to training and skill formation in the belief that labour needs can be met from an international market, and this will not make for a sustainable future. Nor will this be assured given the failure of governments to secure employment conditions and protections for existing workers or that, on the assumption that restricting the rights of migrant worker rights or not policing employment regulations, immediate labour shortfalls can be met by tapping into the global labour market.

This paper examines the contradictory position of the Australian government's approach to labour supply management through its international migration program. It considers the deleterious impact of that program on the future integrity of the Australian building and construction industry's workforce. The paper is divided into four sections. The first section briefly reflects on the Australian industry's historical reliance upon immigrant labour. The second section provides an appreciation of the reorientation in Australia's immigration program that occurred in the mid-1990s, with greater emphasis placed on professional, skilled and business migration, and the implications of this for Construction labour supply. These implications will be examined alongside the change in origin of immigrants. A fourth section will contrast this with the changing character of employment relations in construction industries in the Asian region, and especially with respect to the regulatory environment which both restricts the entry of migrant workers and does comparatively little to protect the position of undocumented workers. This will be drawn on to provide further reflection on some of the shortcomings that Australia's skilled migration program on Construction, as well as consideration of another aspect of the changing migration program with the dramatic expansion of temporary migration, which has engendered situations that mirror those of the undocumented migrant workers.

1. The post-WWII development of the building and construction industry

The Australian building and construction industry has historically placed considerable reliance upon migrant workers to meet industry labour needs. Immigrants represented a significant proportion of workers across the spectrum of occupations. The 1986 Census reveals that 30 per cent of the Construction workforce was born overseas. The continuing significance of immigrants in the industry was still evident in 2001, when a quarter of the workforce was born overseas. The prevalence of workers born overseas in most construction occupations is detailed in Table 1, below. (See Table 1: Construction Workers by Birthplace and Occupation Major Group – Australia – 2001)

The majority of immigrants entering construction had emigrated from European OECD countries, and principally the United Kingdom. There was also a substantial inflow of migrants from the Mediterranean, especially Italy and Greece, and to a lesser extent Portugal. Migration provided critical sources of labour to Australia's expanding building and construction industry. (The disproportionate representation of immigrants from Europe may be observed by reference to Figure 1 below.)

The origin of migrants has also been reflected in the concentration of immigrant workers in different occupations within the industry. Those immigrants from European OECD countries employed in the industry were disproportionately concentrated in the trades, and especially as carpenters and builders, electricians and plumbers. Country of origin has continued to shape the occupational concentration of immigrant workers in the industry. Figure 2, charting the number of overseas-born electricians and plumbers in 2001, provides a clear impression of the concentration of immigrants from the United Kingdom and Ireland in these trades. Migrants from the other major source countries of post-war immigration, Italy, Greece and Yugoslavia, tended to be concentrated in tiling, accounting for over a third of the tiling workforce in 1986, some 40 per cent in concreting and rendering, some 26 per cent in painting, some, 18 per cent of plasterers, and 20 per cent in the structural steel trades (Morgan 2004).

The reliance upon immigration to meet industry labour needs continued through the 1980s and 1990s. While still substantial, the numerical significance of European immigrants has, however, diminished. During the latter part of the 1980s and early 1990s, an increasingly important source of migrant labour for Construction was the Middle East. Most were employed in occupations that did not necessarily require a trade.

2. The changing pattern of Australian migration – and its impact on labour supply in construction industry

2.1 Shifting the focus: the professional and business migration program

Changes to the Australian government's migration program in the 1990s placed much greater emphasis on attracting skilled migrants, professionals and business migrants in particular. The program eschewed the entry of unskilled workers. This has major implications for Construction because the program had the effect of making it more difficult for skilled construction workers, and especially tradespersons, from non-English speaking backgrounds, from obtaining visas. The shift in emphasis was further compounded by a diminution in the relative importance of the humanitarian program. The

impact of the change was evident in the occupation profile of migrants. Encouragement of professional and business migrants, resulted in a significant increase in the proportion of immigrants in this category, increasing from 37 per cent in 1991, to 42 per cent in 1996, 60 per cent in 2001 and 65 per cent in 2004-2005.

The emphasis of the migration program has had profound implications for the building and construction industry. The net expansion in the industry's workforce has been almost entirely sourced from Australian-born workers. The number of workers entering the industry through the immigration program has increased, but at a much slower pace than the overall increase in the industry's work force. (Between 1986 and 2001, the industry workforce grew by 30 per cent while the size of the overseas-born work force increased by only 10 per cent.) One consequence has been that this has not arrested the negative net international movement of Construction tradespersons migration (Birrell Raspon and Smith, 2005: Table 7).

The occupational profile of immigrants has become professional. The corollary is that there is a smaller proportion of overseas-born tradespersons working in construction. Figure 3, detailing the occupation of Australian-born and Immigrant employed persons, at the time of the 1986, 1991, 1996 and 2004 Censuses provides an indication of this shift. There has been a decline in the proportion of immigrants whose stated occupation was Construction tradesperson over the period 1998-99 to 2003-2004 (Birrell Raspon and Smith, 2005: Table 9).¹ This is mirrored in the changing educational profile of immigrants vis-à-vis Australian-born persons. Figure 4, charting the proportion of Australian-born persons and immigrants with post-school qualifications, highlights the trend towards a more highly qualified immigrant intake, and an intake that is on average more qualified than that within the Australian-born work force. The chart also reveals the marked decline in the proportion of immigrants with Certificate-level qualifications.

Historically, immigrants were more likely to work in Construction than were Australian-born, but this is no longer the case. In 1986, 8.0 per cent of employed migrants were engaged in construction. This had declined to 6.8 per cent by the 2001 Census, and estimates indicate that this proportion has continued to decline, to 6.0 per cent over 2000-2004 (Productivity Commission 2006: 52-3).

A critical factor that has compounded this reduction in the importance of labour migration for the Construction industry has been the marked decline in immigration from New Zealand. New Zealand has been one of the more important sources of labour for Construction, especially during the New Zealand economic downturn that persisted through the 1990s. There were few restrictions on New Zealanders and long-term New Zealand residents settling in Australia. The importance of this labour supply is evident in the comparatively high proportion of New Zealand born workers engaged in particular vocations in Construction, and especially in scaffolding work. However, in 2001 rules governing trans-Tasman movement were changed to restrict access to permanent residence in Australia. The impact of this on the recruitment of tradespersons has been quite marked. Figure 5 charts the net trans-Tasman movement of professionals and tradespersons. The

1. However, the proportion of tradespersons arriving as settlers in 2003-2004, who stated their trade as Construction, increased over this period, with Construction tradespersons accounting for 22.5 per cent of settler arrival tradespersons.

migration of tradespersons was especially significant up to the time of the changes in Australian residence entitlements for New Zealanders, and there is the migration of tradespersons from New Zealand is comparatively insignificant.

2.2 From Europe to Asia: the reorientation of the countries of origin of immigrants

Changes to Australia's migration program have also brought a marked change in the origin of immigrants. There has been a diversification of the countries of origin of immigrants in recent years. Historically, the majority of migrants emigrated from European OECD countries, most notably the United Kingdom. Immigrants are coming from China and India in growing numbers, and there are several new source countries including Bangladesh, Hong Kong, Indonesia, Malaysia, Pakistan, Sri Lanka and Thailand. Most have been granted residence visas under the skilled and business migrants program, so that the shift in countries of origin has not directly translated into a changing ethnic composition of the building and construction industry's workforce.

The increased significance of East Asia, South Asia and South East Asia as source countries of Australian immigration has to be viewed alongside the shift in the occupational emphasis of Australia's immigration program. Relatively speaking, comparatively few resident visas are issued under the skilled migration program to migrants from the Asian region to work in Construction. The overwhelming proportion of immigrants who become employed in Construction, over 50 per cent in 2003-2004, continue to be from the United Kingdom and Ireland. A disproportionately smaller number of immigrants from the Asia region find work in Construction. For example, while immigrants from countries in South East Asia accounted for 12 per cent of all immigrants in 2003-004, only 2 per cent became employed in Construction. Of those migrating from East Asia, predominantly from Hong Kong and China, who represented 14 per cent of all immigrants in 2003-2004, only 2 per cent were employed in Construction, and of those migrating from South Asia, largely from India, accounting for 5 per cent of immigrants in employment in 2003-2004, less than 0.5 per cent worked in Construction (Birrell, Rapson and Smith 2005: 69).

The shift in Australia's Migration Program has been to the double disadvantage of the Australian building and construction industry, and whereas other sectors of the economy have been drawn upon a global labour market whose axis has swung more towards Asia, sourcing of the construction industry's labour supply has changed comparatively little.

People who are employed in construction continue to be largely recruited from traditional domestic and international sources. There are, however, a couple of qualifications that must be made to this. Census data points to the recruitment of Professionals, including Building and Engineering Associates, and site managers from South Africa, and this has been confirmed in interviews with head contractors. (Census data suggests that there has been an increase in the number of Chinese nationals who have emigrated to Australia to work in comparable occupations, but this does not appear to have translated into changing employment patterns in the Construction sector.) One reorientation in the source of immigrants, towards the Middle East, has brought some changes to the ethnic composition in the industry work force, with increased numbers of Middle Eastern immigrants, especially Lebanese, being employed in Construction, with many concentrated in gyprocking and painting. (An indication of this can be gleaned from Table 2, which

summarises the relative significance of overseas-born workers in different occupations in 2001.)

This reorientation in the origin of immigrants is likely to have significant impact on the sustainability of the industry because the diminution in capacity to recruit Construction industry workers through the immigration program is compounding the effects of the industry's reduced investment commitment to training and skill formation. While there has been a recovery in the number of Construction apprentices, there has been a long-term downward trend in the proportion of the industry's work force who are engaged as apprentices (Toner 2000).² The ability to offset this will be quite limited given the emphasis of Australia's immigration program. The continuing high proportion of immigrants in most occupations in the industry, as might be noted by reference to Figure 7 which summarises the proportion of overseas-born workers in various occupations in 2001, and Table 2 which sets out the percentage of Overseas-born construction workers in 2001 in key occupations. Yet, as might be noted by referring to Table 3, which summarises Overseas-born construction workers by region in 2001, the very broadly defined region of 'Asia' highlights that this 'region' is not a significant source of construction workers, and this is reinforced by the more recent data presented in Table 4, which details the number of overseas-born construction tradespersons settling in Australia in 2003-2004. While there are disproportionately large numbers of settlers migrating from South East Asia, East Asia and South Asia, comparatively few are engaging in the construction trades. (Indeed there is a net loss of construction tradespersons between Australia and Asia

Generally, the skilled migration program has given comparatively little weight to the labour needs of the building and construction industry. Tradespersons have not been considered a high priority insofar as the immigration program has sought to target specific occupations in order to meet labour shortages. The implications of this are quite striking when one considers the flow of immigrants into construction over the last twenty years, which is charted in Table 5 and in Figure 8. The proportion of immigrants in construction reported in the 1986, 1991, 1996 and 2001 demonstrates a significant drop off. This points to an imminent problem for the industry' future labour needs, especially insofar as prospective construction workers, and tradespersons more particularly, are unlikely to be sourced in reasonable numbers through a migration program that is focused on skilled and professional migration. Of course, the granting of resident and work permits to skilled and professional migrants does not guarantee that these immigrants will necessarily find employment in their professional vocation, and there is some evidence that a number of immigrants entering under the skilled migration seek employment in construction and thus contribute to meeting industry labour needs. This is the subject of Section 4.

3. Labour migration in the Asia region

Australian immigration programs have always been resistant to entertaining meeting labour needs, especially for non-professional categories of work, through the issue of limited-term work visas. By contrast, many Asian economies have established guest worker programs to address labour requirements, including requirements for unskilled and semi-skilled workers, and overseas guest worker schemes have been important in sourcing labour for the

2. There has been a recovery in the employment of Construction apprentices, although the rate of training (the ratio of apprentices to Construction workers) remains relatively low (Toner 2004).

construction sector. Such schemes are not unique to Asia. They mirror established approaches to how labour supply is managed in many Western OECD economies where considerable reliance is placed on employing foreign 'guest' workers, on limited-term contracts, to meet construction industry labour requirements.

This reliance upon overseas contract guest workers employed on limited-term contracts is a distinguishing feature of employment practices in Asia. On the face of it, the policies that permit recruiting and deployment of overseas contract workers are quite different to migration and employment arrangements in building and construction in Australia. The differences are worthwhile exploring in their own right, if not for the lessons that might be drawn from the experiences in the different Asian countries.

Government labour market policies have been crucial to supporting the deployment of foreign guest workers. But, in large measure recourse to the policies that enable the recruitment and deployment of overseas contract workers has gone hand in hand with the development of the more extended division of labour associated with the changing organisation of work in building and construction. As the industry has sought to contain and reduce costs, so the major development corporations have concentrated on project management, including financing, and contracted out the actual physical work of construction, and this has had a cascading effect that has resulted in an extended chain of sub-contracting. The corollary has been an extended division of labour, and one aspect of this has been many sub-contractors resorting to the employment of migrant workers in order to source skill requirements and contain or reduce labour costs (ILO 2001; Kawano 1998). The globalisation of building and construction labour markets, and especially based on the deployment of overseas contract labour, has both facilitated and been a response to the more extended division of labour associated with sub-contracting.

In most Asian economies, the recruitment of migrant workers has been based on the issue of limited-term visas, enabling the importation of overseas contract workers. The extent of the reliance upon foreign guest workers in construction varies from country to country. The most extensive resort to overseas contract workers occurs in Singapore where the Office of Manpower Planning regulates the entry and duration of employment. Construction workers are recruited principally from Malaysia, India, Bangladesh, Thai and Indonesian, with Malaysians employed largely as skilled workers, Thais concentrated in the structural trades and unskilled work, and Bangladeshi, Indians and Indonesians employed as general workers (Ofori 1996). Employment is generally organised in terms of the *Kepala* system (Debrah & Ofori 1997). Work is subcontracted according to occupation- or task-specific division of labour *Kepala*. Each *Kepala* provides a pool of labour.

Similar arrangements are in place in Hong Kong, Japan, South Korea, Taiwan, Brunei and Malaysia. The nature of overseas guest worker programs varies across the region, as does the measure of each industry's reliance upon migrant workers. The highest wages are paid to migrant workers in construction in Japan, followed by Taiwan and Hong Kong which pay guest workers as much as two to three times what guest workers are paid in Singapore, which, in turn pays, migrant workers one-and-a-half what workers are paid in Malaysia (Ofori 1996). The concentration of migrant workers in construction is highest in Singapore followed by Hong Kong and Brunei, with smaller proportions in Japan, South Korea and Taiwan.

Migrant workers fill a gap in construction labour markets that nationals are reluctant to engage in and/or which governments set aside specifically for migrant workers. While wages and conditions of employment are regulated, wages are invariably less than those paid to national workers, and generally these are considerably less, and conditions of employment and while employment protections are generally poorer than those prevailing for national workers. The working environment in which migrant workers are concentrated in in construction can typically be characterised as being ‘dirty, dangerous and difficult’. The industries are plagued by occupational health and safety shortcomings (Debrah & Ofori 2002; Kawano 1998).

The extent to which the regulation of work permits and duration of employment is policed varies from country to country. But throughout the region, governments have been confronted with an expansion in the number of migrant workers who have either overstayed their work visas or entered into employment without the appropriate documentation (Rosewarne 1998; Nagayama 1992; Sullivan, Gunasekaran & Nagayama, 1992; Tsay 1992). Undocumented migrant workers constitute part of the industrial landscape in most of the Asian countries. The workers are attracted by the opportunities for employment. Employers can draw on a supply of labour to work in areas that they might otherwise have difficulty filling, and there is the appeal of employing workers who can be paid lower wages, and often cash, and who do not have to be provided with the entitlements and protections that formal employment would entail.

The consequence of this globalisation of the construction industry’s labour market has been the formation of what amounts to a secondary, if not subordinate, labour market in each of the countries of Asia that is premised on the recruitment of migrant workers, and a subterranean layer into which undocumented workers are drawn. This subterranean layer is not distinct to the Asian region. It is certainly a more prominent feature of the American labour market, and it is also quite substantial in Europe. Significantly the secondary labour market, including this subterranean layer, has become an institutionalised feature of the construction industry sub-contracting system and the extended division of labour associated with this. It has not only critical consequences for the industry, insofar as this contributes to the erosion of conditions of employment and rates of remuneration. It also represents a major organising challenge for trade unions.

4. The changing pattern of Australian migration – and its impact on Construction labour

We can draw upon the practices in construction across Asia to provide further reflections on employment patterns linked to the migration program in Australia in three important respects. The first relates to the employment outcomes of those immigrants who have secured residence entitlements through the skilled migration program, and, to a lesser extent, the humanitarian program. The second draws upon the experience of the temporary migration program which has expanded quite significantly over the past decade. Thirdly, notwithstanding Australia’s highly restrictive vetting and policing of applications for residence, temporary work permits and tourist visas, the issue of visas overstayers has meant that Australia now also confronts an expanding number of undocumented workers, and this has presented a challenge in the building and construction industry.

Over the 1990s Australia's migration program placed most emphasis on attracting skilled migrants, professionals and business migrants in particular. The program eschewed the entry of unskilled workers. This shift in emphasis has been compounded by a diminution in the relative importance of the humanitarian program. The emphasis of the program has concentrated on encouraging the immigration of professional and business migrants, with the proportion of skilled category immigrants increasing from 37 per cent in 1991, to 42 per cent in 1996, 60 per cent in 2001 and 65 per cent in 2004-2005.

The emphasis of the migration program has had profound implications for prospective labour supply for the building and construction industry. Immigration as a source of labour has not increased as significantly as it has for most other occupational groups. The number of settler arrivals who stated as their occupation Construction Tradesperson accounted for some 17 per cent of all settler arrival tradespersons in 1995-96, and only 2.6 per cent of all settler arrivals (Birrell Raspon and Smith, 2005: Table 9), although they represented a much larger proportion of tradespersons arriving as settlers in 2003-2004, accounting for 22.5 per cent of settler arrival tradespersons, and 3 per cent of all settler arrivals.

The skilled migration program is celebrated as being associated with very positive employment outcomes. Labour market participation rates of those immigrants who have entered under the terms of this program are very high in comparison with earlier programs, and are much higher than humanitarian program immigrants, and rates of unemployment are also much lower. However, evidence points to a proportion of the immigrant population who do not find work in the fields in which they are qualified, and one of the principal bases of them being issued a visa, and who end up working in the construction industry. The high rate of employment of immigrants under the skilled migration program is in part attributable to immigrants engaging in work for which they are not necessarily formally qualified. This may be partly attributable to institutional obstacles to their employment in their field of expertise. Some vocations require that individuals meet strict licensing requirements which frustrate their accreditation and thus employment opportunities. It may also be the result of linguistic disadvantages or for cultural reasons. Whichever, the blocking of employment opportunities can act as a catalyst that forces highly qualified immigrants to seek work in lesser skilled vocations or to pursue employment by circumventing industry training and accreditation vocational standards.³ Work opportunities in the construction sector provide an important outlet for some immigrants.

Within the construction industry, recognition of qualifications or competencies is not automatic, but there are a number of strategies employed to circumvent such institutional obstacles. The most common practice has been for immigrants to obtain employment with an established licensed contractor or to engage in work trades that do not mandate the completion of an apprenticeship. This is a not uncommon practice for in the trades of painting, plastering or tiling. Nor is this by any means a new phenomenon (Lever-Tracy and Quinlan 1988: 136). Post-war Italian immigrants, for instance, drew on their

3. This is not necessarily possible for some trades and professions in Construction. Engineers require accreditation for instance, and electricians and plumbers require qualifications that have to be evaluated as being credited before they can apply for a licence to become gainfully employed, and this is not an uncomplicated process.

experiences, rather than any accredited qualifications, in tiling, rendering and concreting to dominate these occupations in the industry.

Importantly, the extended sub-contracting opens up opportunities for immigrants who do not have accredited trades qualifications to find employment through such avenues in the building and construction industry. Moreover, pressure from head contractors and lobbying by industry associations to introduce a greater deal of flexibility in the apprenticeship system has reinforced this diminution in training and accreditation requirements, and in the process relaxed further longstanding institutional obstacles to employment in construction.⁴ One consequence has been increased competitive pressures that have tended to underscore the diminution in rates of remuneration and conditions of employment.

The second significant development that has impacted on employment patterns has been the 1996 conservative government initiative to introduce opportunities for the issue of temporary migrant entry visas, and the temporary migration program has been repeatedly extended. The program initially focused on attracting business people and professionals. Through the issue of limited work opportunity visas, it now includes overseas students, and has been extended to working holiday makers. The number of temporary visas has grown markedly, with over 300,000 entering under this program in 2004-2005, entering as 'overseas students' (174,790), 'Business Long Stay' (49,860) and 'Working Holiday Makers' (104,350) in 2004-2005, which compares with almost 80,000 permanent visas issued under the Skilled Stream over that period (Productivity Commission: 11). Overseas student visas accounted for around a quarter of the temporary visas issued. Working holiday makers account for 14.7 per cent of the temporary visas issued.

A disproportionate number of those entering under the temporary skilled migration program (the 457 visa) are professionals; three quarters are managers and administrators, professionals or associate professionals. There were some 5 per cent with trade qualifications, and only 3 per cent were engaged in the construction sector (Khoo, et.al., 2005). A clear measure of the dramatic increase in the number of people entering under the terms of the temporary migration program is detailed in Figure 9.

As is the case with the skilled migration program, entry under the temporary migration program does not guarantee automatic employment. There is evidence that many temporary migrants are being drawn into particular occupations in construction, especially in tiling, painting and plastering and bricklaying. Work is secured through sub-contractors. The work is generally casual and irregular and contractual arrangements assume non-standard forms. In many instances, work is paid on a cash basis, which enables workers to avoid any taxation obligations and employers to avoid paying industry standard wages, superannuation entitlements, payroll tax and workers compensation insurance. Conditions and terms of employment are invariably less than those negotiated by the industry union in enterprise agreements.

Another consequence of the increase in temporary migration that has impacted on the building industry has been the increasing number of 'overstayers'. Many overstayers are forced into work, and without a resident or work permit are forced into the cash economy.

4. More generally, this reflects the diminished commitment to investing in skill formation including in apprenticeships.

There is little reliable data on the numbers who enter workforce. The building and construction industry attracts comparatively few undocumented workers, most work in the hospitality sector. Undocumented workers who become employed in the industry tend to work in the same occupations as temporary migrants. By its very nature, undocumented work is concentrated in the cash economy. Indeed the position of undocumented workers is more precarious than temporary migrants who work in construction because they face the constant threat of arrest by Immigration officials.

There has been little research on undocumented workers in construction. Joon Shik Shin's research on Korean and Chinese nationals who work in the tiling sector, especially in the Sydney metropolitan basin, documents the prevalence of non-standard forms of work. Through the employment of immigrants with residence visas, temporary migrants as well as undocumented workers, this research has highlighted the different ways that sub-contractors have sought to cut costs by intensifying work, not paying workers their legal entitlements, and, by paying cash, avoid paying taxation, superannuation and workers compensation insurance. Notwithstanding workers being paid in cash, rates of remuneration also tend to be below industry standards.

The emergence of this class of subordinate workers engaged in the cash economy of the construction industry raises critically important strategic questions for the future of the industry. Investment in skill formation is negligible, and this has serious implications for the quality of work in the industry. Without appropriate training, there are significant occupational health and safety concerns, and workers are placed in an extremely vulnerable position where there is no protection afforded by sub-contractors' failure to pay workers' compensation insurance. Building standards are also be compromised.

Resort to the employment of subordinate workers also raises important organising challenges. Undocumented workers have weak bargaining power, and are needless to say reluctant to approach the industry union for protection. Construction workers on a temporary migrant visa who are working for cash are also reticent to approach the union for support when wanting to redress employers abusing their rights and entitlements.

These developments weaken the role of the union and its position to withstand the erosion of conditions of employment and entitlements. It is not only the individuals directly involved in the cash economy or as subordinate workers more generally who are disadvantaged by the organisational transformations. The erosion of conditions weaken the standing of workers throughout the industry. The extension of the sub-contracting system, the increased employment of migrant workers who do not enjoy the rights of residents jeopardizes conditions and rates of pay throughout the industry.

Australia's immigration program has directly and indirectly contributed to the assault of workers' rights in ways that are comparable to those in many Asian countries. The emphasis of the program has blocked the entry of new entrants of overseas-born workers who, because they have residence rights, do have the right to work in the formal sector of the industry and are able to exercise their industrial rights. Indirectly, the industry has engaged workers who do not have residence or work permits, undocumented workers, and who have been drawn into the secondary labour market and the cash economy and who are not in the position to exercise these rights.

Conclusion

Building unions are faced with an extraordinary challenge. The construction industry is experiencing an ongoing organisational transformation based on the increased division and specialisation of work tasks within the industry and an extension of the sub-contract system. This is resulting in an erosion of the integrity of occupations in the industry. It is also generating pressures that are leading to an expansion of informal work organised around cash payments and, with this, to a growing subordinate and precarious work force. It is a system that is intimately bound up in the globalisation of the industry and the globalisation of the construction workforce.

Moreover, it is evident that there is still more pressure is being brought to bear to speed up the pace of this transformation. The conservative government's assault on the right to organise and the rights of unions stands to weaken the capacity of industry unions to defend working conditions and the integrity of work in the industry. Other government initiatives are likely to drive this change still further. Changes to the apprenticeship system, following the introduction of the New Apprenticeship system, will impact on the skill profile of construction tradespersons because the New Apprenticeship system will permit apprentices to exit apprenticeship programs at various stages of a program, be awarded a certificate in recognition of the specific skills and capacities acquired. Lobbying by the major industry associations, which appear to be influencing the direction of government policy, will likely lead to a further weakening of the skill profile of tradespersons.⁵ This will likely reinforce the extended division of labour alongside an ever-more narrowly specialised sub-contract system. Proposals to recruit overseas-born migrants into the industry as apprentices will likely promote further flexibility in employment arrangements in construction and lead to further erosion of conditions of employment and rates of pay.

Many of the changes in the organisation of work will tend to weaken the bargaining power of the union. The impact of migration policy is serving to underscore the transformations in work and in some respects facilitating the globalisation of the Australian construction industry work force in the direction it has could well be regarded as one other element in the conservative government's assault on the union.

5. The proposed changes would be based on a training system that provides for the acquisition of discrete skill sets and competency assessments, and would enable apprentices to withdraw from the apprenticeship program at different stages of the program and be awarded a certificate that would demonstrate their capability to perform specialist tasks within the industry.

The government has come under intense pressure from major employer associations to remove restrictions on the entry of unskilled workers. It has recently announced the introduction of a scheme to enable overseas recruitment into apprenticeship programs, ostensibly to meet the shortfall of applicants in rural and regional Australia. It has issued temporary business visas for overseas workers to be engaged in the metal trades and meat works, with workers recruited from Vietnam and China. These are occupations that are clearly do not fall within the category of a 'business' vocation. This suggests that the government is seriously entertaining establishing a guest worker program.⁶

6. In 2005 the government refused to concede a recommendation from the (South) Pacific Islands Forum that Island nations be permitted to provide seasonal guest workers.

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Table 1: Construction Workers by Birthplace and Occupation Major Group – Australia - 2001

Occupation Major Group	Birthplace		Total*
	Australia	Overseas	
1 Managers & Administrators	40,271	13,479	54,567
2 Professionals	10,573	4,587	15,326
3 Associate Professionals	29,667	9,556	39,698
4 Trades and Related Workers	200,684	63,036	268,935
5,6,8 Clerical, Sales & Service Workers	43,263	12,147	56,117
7 Intermediate Production & Transport Workers	40,873	10,941	52,828
9 Labourers & Related Workers	47,818	16,293	65,590
0 Inadequately described & Not stated	2,736	1,149	3,976
Total	416,868	131,623	558,522

* Includes Industry Not Stated, etc.

Figure 1: Construction Workers by Birthplace, Australia, Other Regions, 1986 and 2001

Construction Workers by Birthplace - Australia, Other Regions – 1986 & 2001

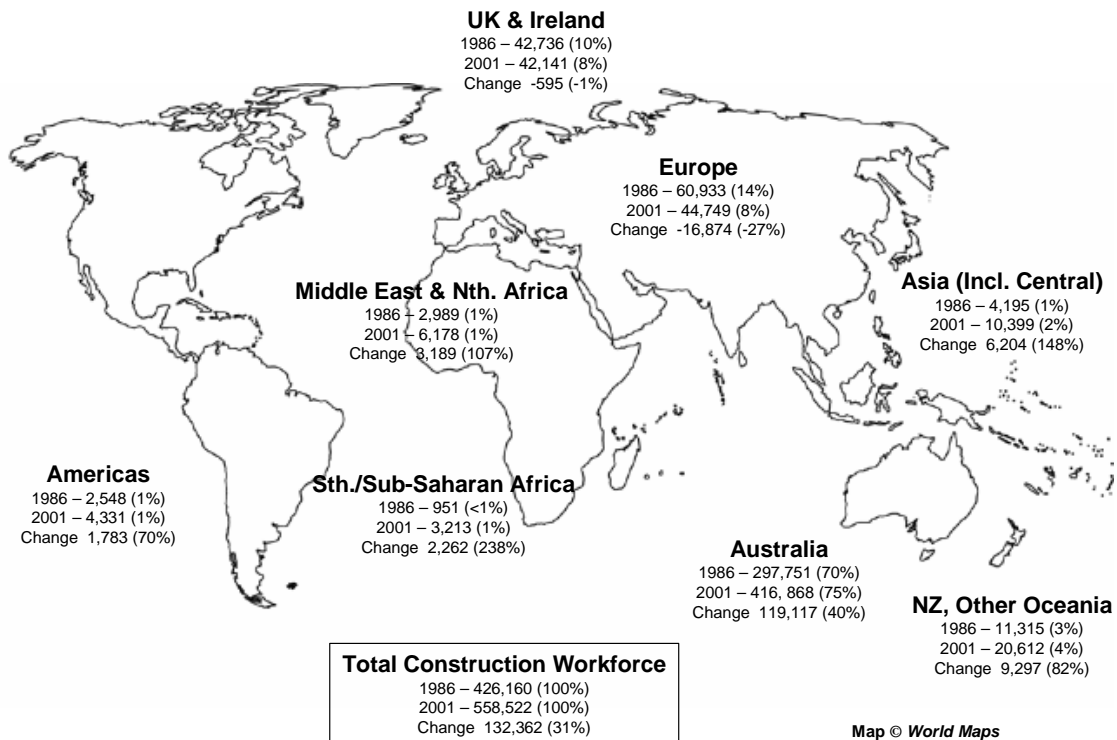


Figure 2: Country of Origin of Overseas-born Electricians and Plumbers, 2001

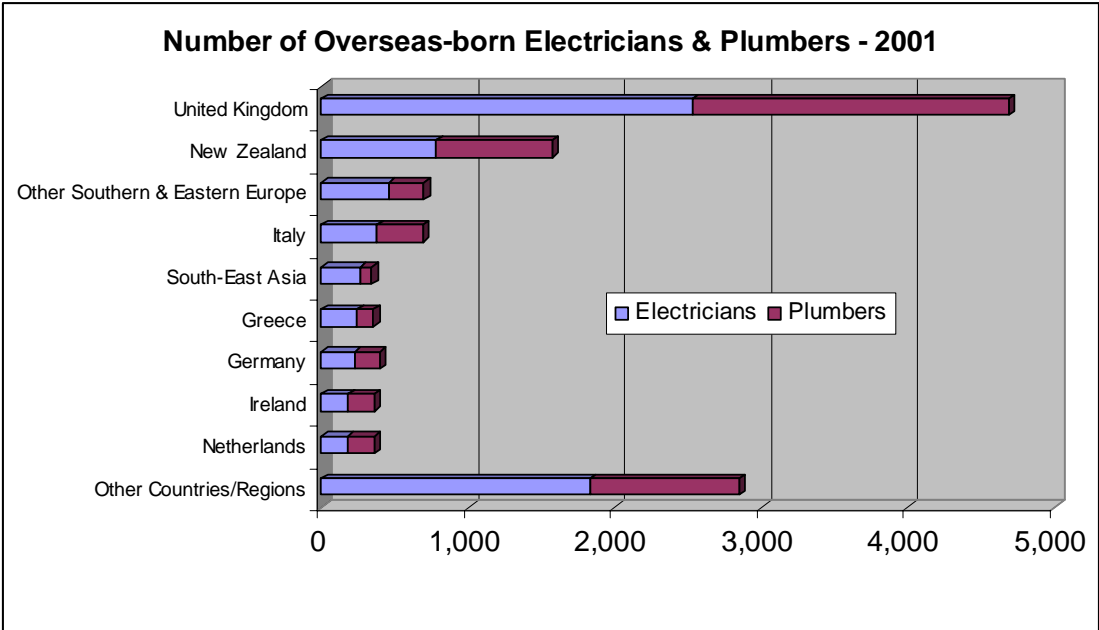
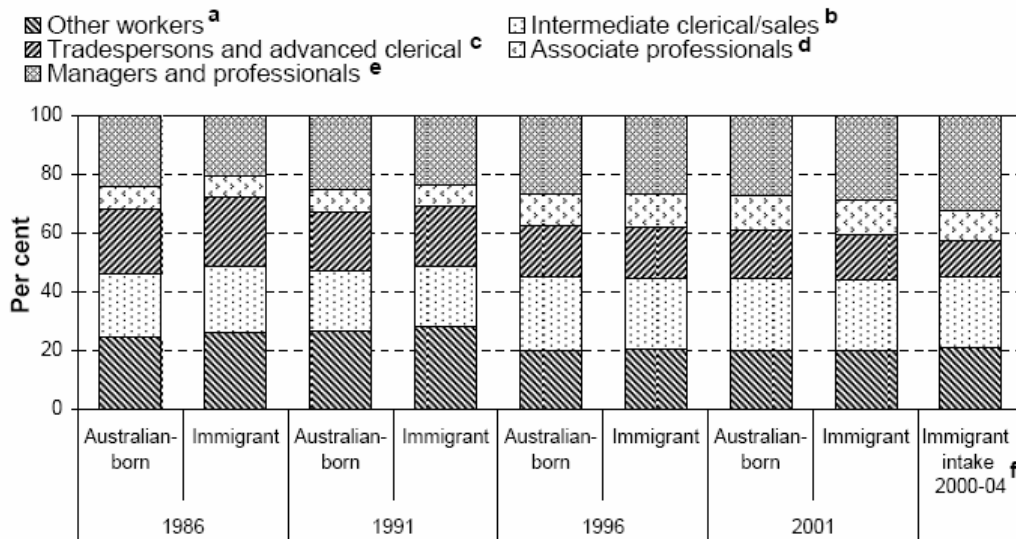


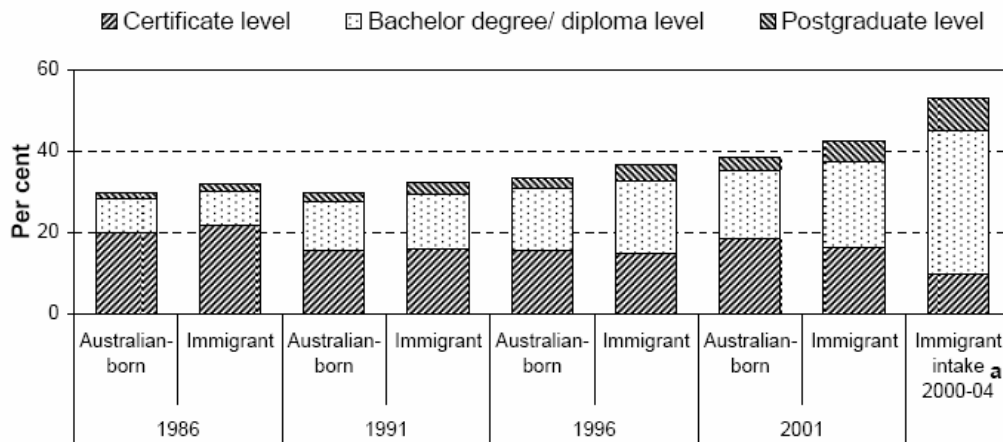
Figure 3: Occupation of employed persons, 1986 to 2001 Censuses



a Elementary clerical, sales and service workers, and labourers and related workers (Australian Standard Classification of Occupations (ASCO) skill level 5). **b** Intermediate clerical, intermediate production, clerical, sales, service and transport workers (ASCO skill level 4). **c** Tradespersons and related workers, advanced clerical and service workers (ASCO skill level 3). **d** Associate professionals correspond to ASCO skill level 2. **e** Managers, administrators and professionals (ASCO skill level 1). **f** Immigrants who arrived in Australia between 2000 and 2004, were still in Australia in November 2004 and planned to stay in Australia for 12 months or more.

Source: Productivity Commission (2006) Economic Impacts of Migration and Population, Melbourne, Figure 4.3

Figure 4: Proportion of Australian-born persons and immigrants with post-school qualifications, 1996 to 2001 Censuses

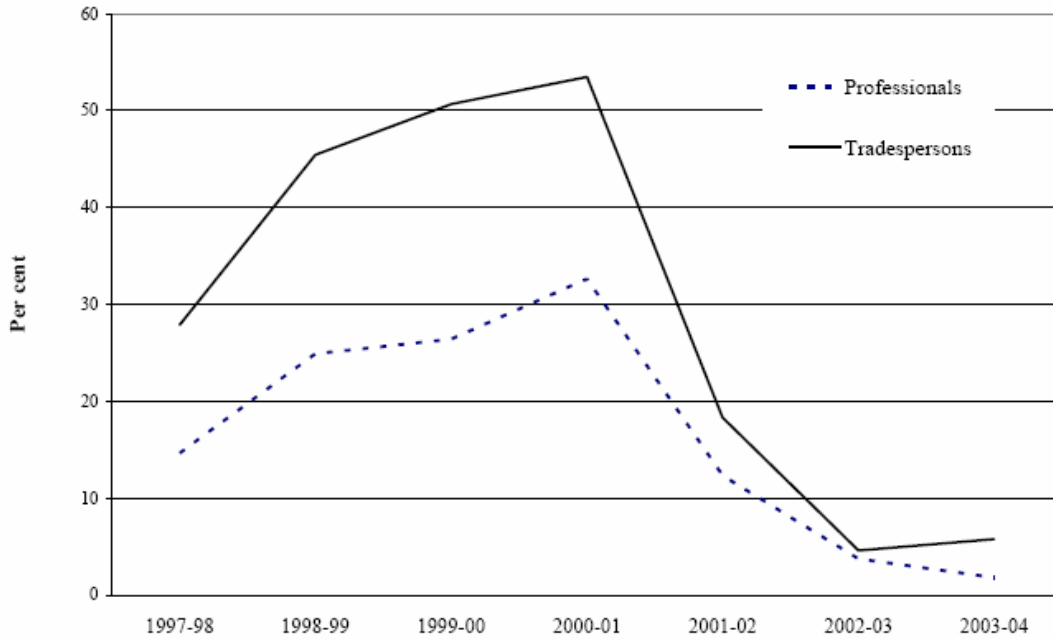


a Immigrants who arrived in Australia between 2000 and 2004, were still in Australia in November 2004 and planned to stay in Australia for at least 12 months.

Source: Commission estimates based on unpublished ABS Census and Labour Force Status and other Characteristics of Migrants Survey data.

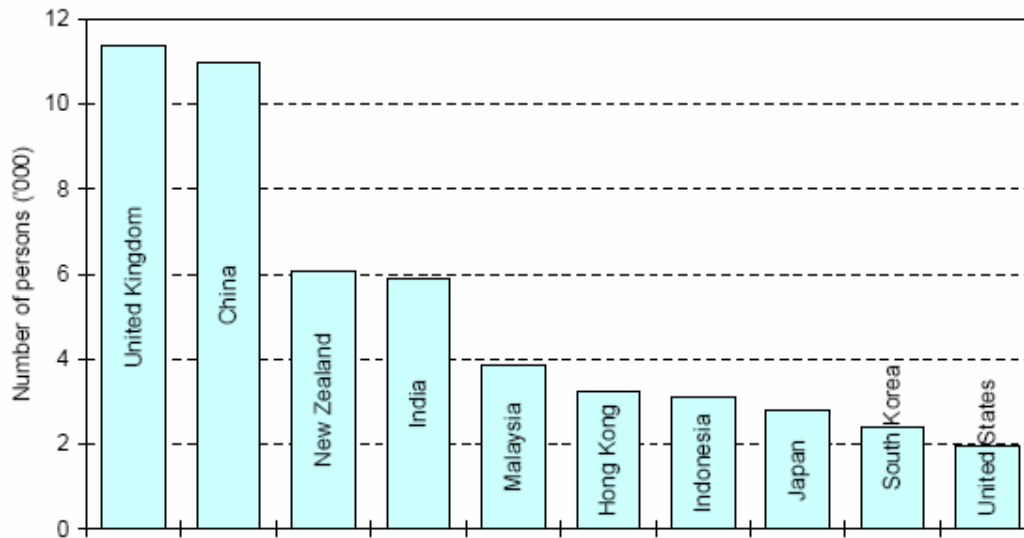
Source: Productivity Commission (2006) Economic Impacts of Migration and Population, Melbourne, Figure 4.1

Figure 5: Net Permanent and Long-Term movements from New Zealand as a per cent of all Permanent and Long-Term movements to Australia, professionals and tradespersons, 1997-98 to 2003-2004.



Source: Bob Birrell, Virginia Rapson and T. Fred Smith (2005) *Immigration in a Time of Domestic Skilled Shortages*, Canberra: Department of Immigration and Multicultural and Indigenous Affairs

Figure 6: Country of origin of permanent and long-term immigrants – top 10 – 2004



Source: The Productivity Commission (2006) *Economic Impacts of Migration and Population Growth*, Melbourne: Commonwealth of Australia

Figure 7: Overseas-born Construction workforce, by major occupation group, 2001

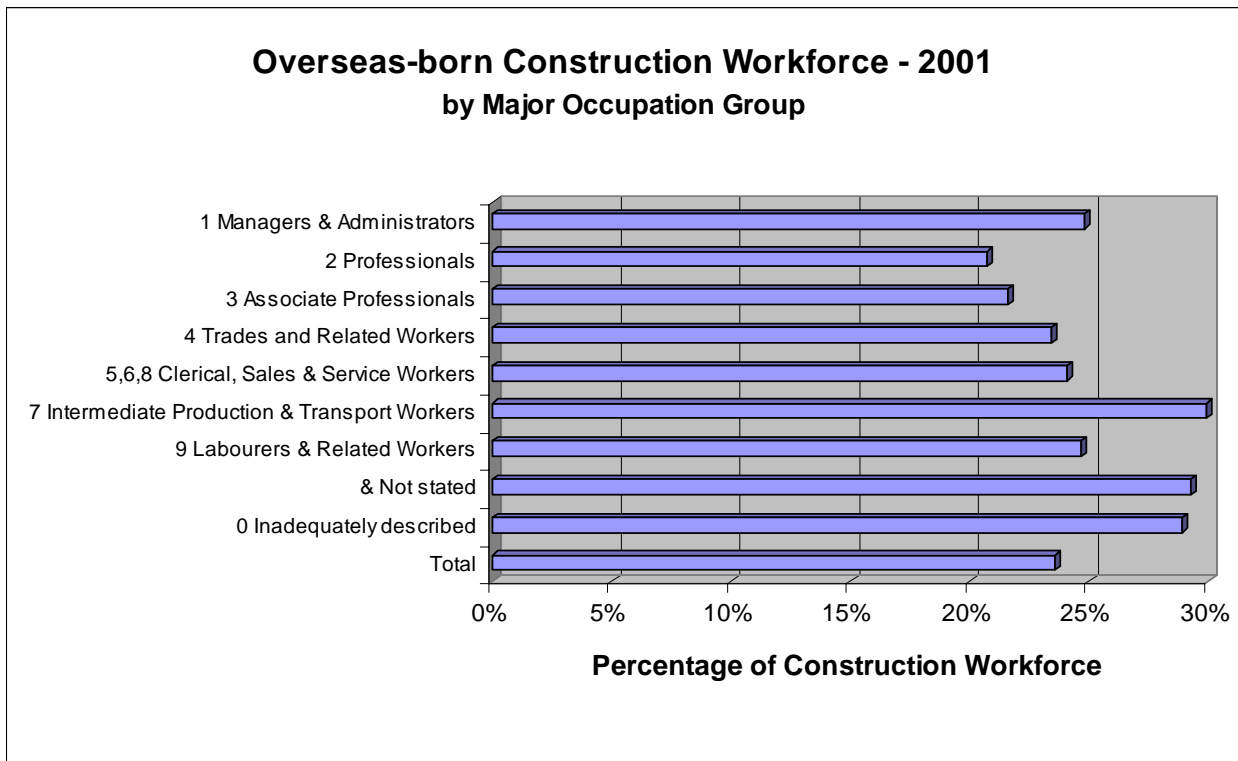


Table 2: Construction Industry Workers in 2001 Born Overseas

(Number/percent excludes workers whose birthplace was not stated)

Selected Occupation categories based on number or percentage of workforce overseas-born	No. Born Overseas	% Born Overseas
4411 Carpentry and Joinery Tradespersons	11926	22.1%
4421 Painters and Decorators	11779	38.7%
4311 Electricians	7100	17.1%
4414 Bricklayers	5851	30.9%
4431 Plumbers	5250	13.2%
9916 Construction and Plumber's Assistants	5186	27.2%
4412 Fibrous Plasterers - - Included in "Plasterers All Types"	4534	27.8%
4415 Solid Plasterers - Included in "Plasterers All Types"	1148	45.3%
4416 Wall and Floor Tilers and Stonemasons	4266	39.7%
9917 Concreters	4251	25.7%
22 Business and Information Professionals	1879	30.3%
4122 Structural Steel and Welding Tradespersons	1196	26.9%
2124 Civil Engineers	854	28.4%
91 Cleaners	725	32.5%
Total of selected group	66675	

Table 3: Percentage of Australian/Overseas-born Construction Workforce in Occupation Major Groups - 2001

Region/Country	Occupation Major Group				
	Managers & Administrators	Professionals	Associate Professionals	Trades	Clerical, Sales & Service Wkrs
Australia	9.7%	2.5%	7.1%	48.1%	10.4%
NZ and Other Oceania	9.0%	2.3%	6.6%	43.0%	8.1%
UK and Ireland	10.0%	3.1%	8.6%	49.8%	10.7%
Europe	10.9%	2.1%	5.3%	50.8%	7.4%
Middle East & North Africa	11.9%	4.4%	6.3%	49.9%	7.6%
Asia (Incl Central/fmr USSR)	10.7%	11.0%	10.0%	37.4%	13.0%
Americas	8.4%	4.7%	8.1%	48.2%	10.2%
South/Sub-Saharan Africa	10.5%	6.9%	12.2%	43.4%	12.7%
Total	9.8%	2.7%	7.1%	48.2%	10.0%

Table 4: Construction tradespersons, movements by last/next residence 2003-2004

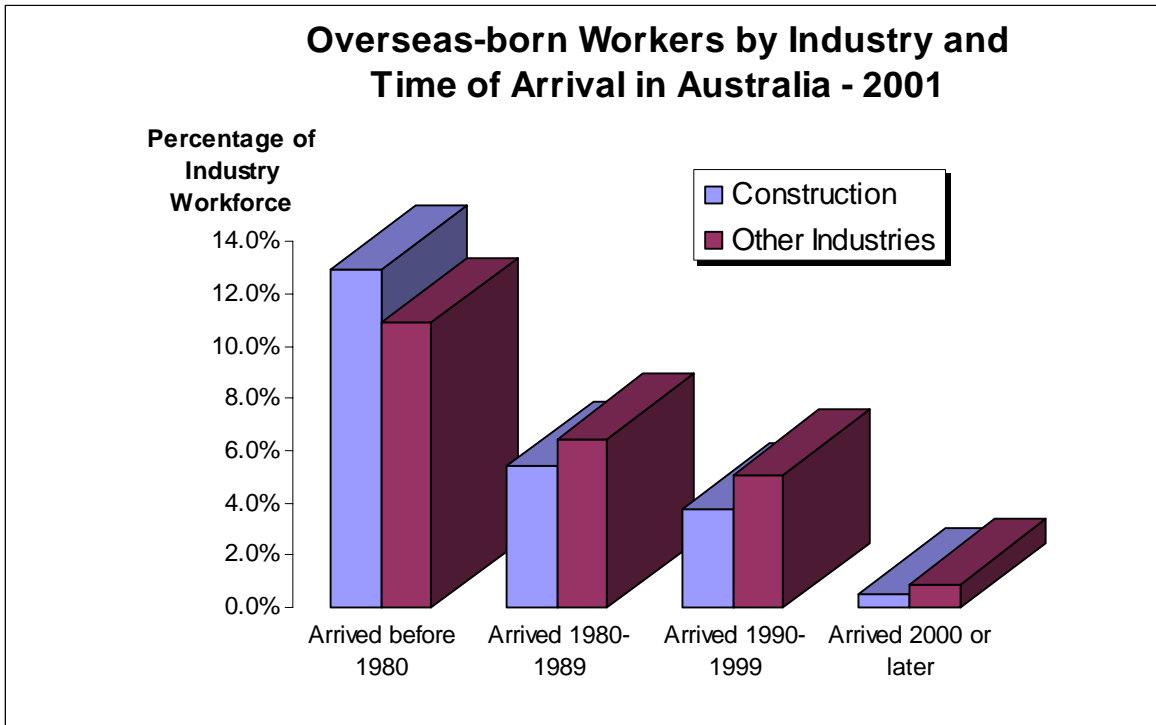
One year 2003-04 Construction Tradespersons Last/next residence	PLT Arrivals Residency status			PLT Departures Residency status		Net PLT		Total net (excl. settlers)	Total net (incl. settlers)
	Settlers	Residents	Visitors	Residents	Visitors	Residents	Visitors		
Australia									
Australia Ext. Terr.		5	1	18	2	-13	-1	-14	-14
New Zealand	440	115	251	352	351	-237	-100	-337	103
Papua New Guinea	1	6	1	6	4		-3	-3	-2
Solomon Islands		2		2					
Vanuatu		2		6	4	-4	-4	-8	-8
Fiji	20	3	4	17	35	-14	-31	-45	-25
Other Oceania and Antarctica	2	3	1	9	9	-6	-8	-14	-12
United Kingdom	787	873	252	800	212	73	40	113	900
Ireland	32	117	205	79	123	38	82	120	152
Austria	3	3	4	6	6	-3	-2	-5	-2
Belgium			2	2		-2	2		
France	5	20	6	15	6	5	6	11	16
Germany	11	22	19	10	16	12	3	15	26
Netherlands	10	24	10	9	3	15	7	22	32
Switzerland	3	12	13	9	10	3	3	6	9
Other Western Europe									
Denmark	1	6	8	10		-4	8	4	5
Finland		5	2	4	1	1	1	2	2
Norway		11		5		6		6	6
Sweden	1	13	6	17	2	-4	4		1
Other Northern Europe				1		-1		-1	-1
Italy	2	17	4	12	10	5	-6	-1	1
Malta	1	8	1	4	1	4		4	5
Portugal	2	20	6	15	6	5		5	7
Spain	1	13	1	13	2		-1	-1	-1
Former Yugoslavia	13	22	3	35	12	-13	-9	-22	-9
Greece	10	53	3	24	12	29	-9	20	30
Romania	2	2	2	1	1	1	1	2	4
Czech Republic		3	1	1	1	2		2	2
Poland	2	6	2	3	7	3	-5	-2	
Slovakia		2	2	3	1	-1	1		
Other S. & E. Europe (fmr Czech rfd)		3			2	3	-2	1	1
Other S. & E. Europe (fmr USSR)	4	1	2	4	18	-3	-16	-19	-15
Other S. & E. Europe	6	9	2	6	6	3	-4	-1	5
Other Europe		3		12		-9		-9	-9
Egypt	3	2		2	1		-1	-1	2
Other Nthn Africa	1	2				2		2	3
Iran	2	1	2	3	1	-2	1	-1	1
Iraq				1		-1		-1	-1
Israel	3	5		2	1	3	-1	2	5
Jordan	5	1		1	2		-2	-2	3
Kuwait		1				1		1	1
Lebanon	69	21	17	17	33	4	-16	-12	57
Oman									
Saudi Arabia			1	1		-1	1		
Turkey	18	3	2	2	2	1		1	19
United Arab Emirates	3	6	2	10	10	-4	-8	-12	-9
Other Middle East	7	2	3	6	8	-4	-5	-9	-2
Cambodia	1	3			1	3	-1	2	3
Thailand	4	17	4	16	24	1	-20	-19	-15
Viet Nam	14	2	4	14	13	-12	-9	-21	-7
Brunei Darussalam				1		-1		-1	-1
Indonesia	1	8	5	15	38	-7	-33	-40	-39
Malaysia	7	13	4	9	15	4	-11	-7	
Philippines	7	3	2	9	14	-6	-12	-18	-11
Singapore	8	19	12	16	15	3	-3		8
Other SE Asia				2	1	-2	-1	-3	-3
China (excl. SARs & Taiwan Province)	15	6	2	35	29	-29	-27	-56	-41
Hong Kong (SAR of China)	4	30	2	14	5	16	-3	13	17
Taiwan		8		7	2	1	-2	-1	-1
Japan	5	8	19	15	20	-7	-1	-8	-3
Korea, Republic of (South)	7	1	11	5	25	-4	-14	-18	-11
Other NE Asia				1	2	-1	-2	-3	-3
Bangladesh					1		-1	-1	-1
India	7	3	3	5	3	-2		-2	5
Pakistan	3				1		-1	-1	2
Sri Lanka		2			2	2	-2		
Other Sthn Asia			1				1	1	1
Afghanistan									
Other Cent Asia (fmr USSR & BS)				1	1	-1	-1	-2	-2
Canada	10	93	23	89	19	4	4	8	18
United States of America	14	138	18	108	37	30	-19	11	25
Other Nth America		1		1					
Argentina	1	2	2	6	3	-4	-1	-5	-4
Brazil		2		5	5	-3	-5	-8	-8
Chile	3	5	1	1	2	4	-1	3	6
Other Sth Amer, Cent Amer & Caribbean	3	19	1	9	6	10	-5	5	8
Kenya									
South Africa	30	6	8	7	8	-1		-1	29
Zimbabwe	5		1		1				5
Other Africa excl N. Africa	6	2	1	4	2	-2	-1	-3	3
Other		2				2		2	2
Total	1,625	1,841	965	1,948	1,212	-107	-247	-354	1,271

Source: Bob Birrell, Virginia Rapson and T. Fred Smith (2005) *Immigration in a Time of Domestic Skilled Shortages: Skilled Movements in 2003-2004*, Canberra: Department of Immigration and Multicultural and Indigenous Affairs.

Table 5: Overseas-born Workers by Time of Arrival in Australia and Industry – 2001 Census

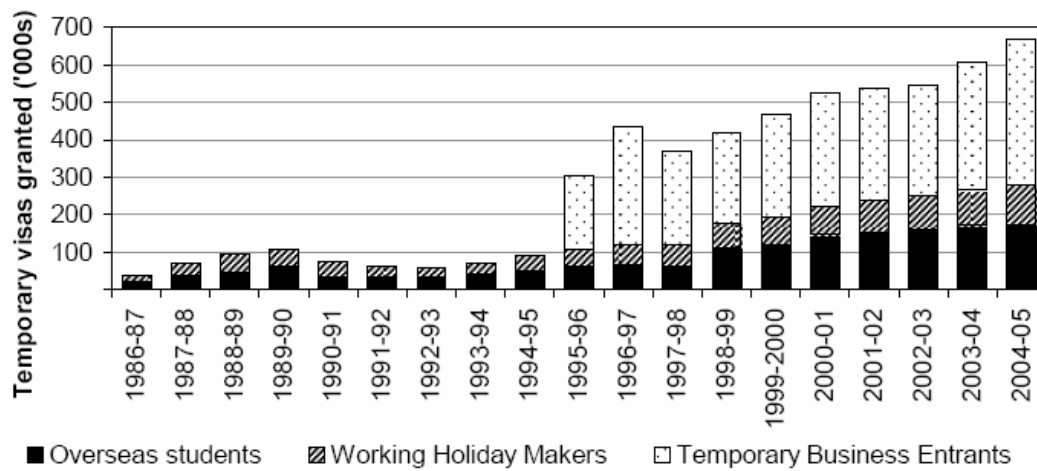
Year of Arrival	Construction	Other Industries	Not stated	Total
Arrived before 1980	72,237	829,023	15,450	916,710
Arrived 1980-1989	30,243	490,414	9,994	530,651
Arrived 1990-1994	9,453	185,461	4,658	199,572
Arrived 1995-1999	11,600	200,366	5,153	217,119
Arrived 2000	2,066	46,652	1,201	49,919
Arrived 2001	817	20,957	597	22,371
Not stated	5,577	66,261	3,899	75,737
Not applicable	426,529	5,756,190	103,678	6,286,397
Total	558,522	7,595,324	144,630	8,298,476

Figure 8: Overseas-born Workers by Industry and Time Arrival in Australia, 2001.



Source: Morgan

Figure 9: Temporary visas granted, 1986-87 to 2004-2005^{a,b}



^a Overseas student visas include visas granted onshore and offshore. ^b Temporary business entrants include Business Visitors visas and the Business Long Stay visas.

Source: Productivity Commission (2005) *Economic Impacts of Migration and Population*, Melbourne, Figure 2.6